

# Illinois Insurance

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## Deirdre K. Manna appointed Assistant Director of Insurance

Deirdre K. Manna was appointed Assistant Director of the Department of Insurance on May 12, 2003, and was confirmed by the Senate on May 28. As Assistant Director, Ms. Manna will be involved in various Department issues and programs including overseeing the Comprehensive Health Insurance Plan and the Senior Health Insurance Program.

Prior to joining the Department, Assistant Director Manna held a variety of positions in insurance, communications and government. For the past seven years, Ms. Manna held the position of Assistant Vice President with the American Insurance Association (AIA), a property-casualty trade group. Responsible for state affairs, she oversaw the legislative and regulatory agenda for a five-state region for the AIA. She started with the Association as a member of the public affairs team and was responsible for public relations and grassroots organization for property and casualty insurers for the entire Midwest region.

"I am very excited to have the opportunity to use the insurance experience I gained in the private sector to assist Governor Blagojevich and Director Clark to advocate on behalf of insurance consumers in the state and ensure the health of the insurance marketplace in Illinois," Manna said. "I am sure my familiarity with property and casualty insurance and my prior involvement in legislative and regulatory matters will allow me to adapt quickly to issues spanning all aspects of insurance regulation."

Prior to joining the AIA, Ms. Manna worked for Agenda Communications, a public policy management firm that represented a wide variety of clients from industries ranging from health care to utilities to finance. Manna started her career in Springfield on the staff of the Illinois House of Representatives. She earned her B.A. from Drake University in Des Moines, Iowa.

Manna lives in Northbrook with her husband and two young sons. ♦

## Illinois FAIR Plan Association information

In the past year, the Department has learned that Illinois consumers were told that they were ineligible for coverage with the Illinois FAIR Plan Association because of prior losses. This may not be true for some consumers. The Department would like to remind all Illinois producers and companies that the FAIR Plan exists as a marketplace for qualified risks that are unacceptable in the standard market. If you question whether a risk qualifies for coverage, please e-mail the FAIR Plan to discuss the risk or submit a completed application with an explanation attached.

The FAIR Plan is an insurance industry funded, full-service insurance organization formed in 1968 and designed to provide property insurance for qualified properties when coverage is not available through the standard market for reasons beyond the applicant's control.

The Illinois FAIR Plan offers a full range of Homeowners products including the repair cost policy, HO-8, and the replacement cost policies, HO-2 and HO-3, with a dwelling limit of up to \$750,000. The HO-4 renters policy and the HO-6 condo policy are also available.

In addition, the FAIR Plan has a Dwelling Fire policy with a limit up to \$750,000, and a commercial fire policy with a limit up to \$1,000,000 per applicant.

In the past few years, the FAIR Plan has made a number of changes to make it easier for producers to do business with the FAIR Plan. These include availability of a website, simplified applications, increased limits, and increased deductibles.

It is important for Illinois producers to have a basic understanding of the FAIR Plan's underwriting standards, to provide

complete information about the risk at the beginning of the application process, and to effectively use the FAIR Plan website for rates, downloading forms, and communication with the FAIR Plan staff.

### FAIR Plan Underwriting Standards

- Properties must meet reasonable underwriting standards, including satisfactory housekeeping and maintenance.
- Applicants must attempt to obtain coverage from three standard companies.
- Applicants must not have had excess losses that were within their control.
- The FAIR Plan does not decline properties with losses caused by acts of nature; coverage may be reduced, however, and deductibles may be increased.
- The FAIR Plan does not underwrite using credit or payment history.
- In many cases, if an uncorrectable hazard such as a dilapidated garage or a dog with a history of biting exists, such hazard can be excluded by endorsement.

### Eligibility Requirements

All applications are subject to prior approval; producers do not have binding authority.

- **Homeowners** policies may be issued for one to four family owner occupied properties used exclusively as private residences.
- **Dwelling Fire** policies may be issued for owner occupied or non-owner occupied properties with up to four apartments and used exclusively for residential purposes, mobile homes at a

fixed location, and farm residences.

- **Commercial Fire** policies may be issued for apartment buildings with five or more units and mercantile or service risks.

- **Rehabilitation Properties**—A Dwelling or Commercial Fire policy may be issued for up to one year for a vacant property undergoing rehabilitation as long as the work is in progress and the property is properly secured.

### Ineligible Property

- Manufacturing Risks
- Farm Operations and Outbuildings
- Seasonal Dwellings
- Vacant or Unoccupied Properties (except Rehabilitation Properties)

### Premium Indication

If you wish to know the indicated premium of a FAIR Plan policy, you may check the rates on the FAIR Plan's website at **[www.illinoisfairplan.com](http://www.illinoisfairplan.com)**, or use the Producer Manual. If the information is not available from these sources, call Customer Service. Please do not submit an application unless the insured wishes coverage from the FAIR Plan.

### Immediate Coverage for Owner Occupied Dwelling Fire and Homeowners

If all eligibility requirements are met and the following information is submitted, coverage can go into effect for owner occupied Dwelling Fire and Homeowners applicants at 12:01 a.m. the day following FAIR Plan re-

ceipt of application and associated information. After the policy is issued, the FAIR Plan will conduct an external survey of the property to confirm that reasonable underwriting standards are being met. The following information must be submitted:

- fully completed and signed application;
- fully completed Supplemental Application;
- photo of front of building (not required for HO-4 or HO-6);
- minimum of 20% of annual premium;
- formal requirement cost (HO-2 or HO-3 only).

### Survey and Quotation for Non-Owner Occupied Dwelling Fire and Commercial

Before the FAIR Plan will issue a quote for a non-owner occupied dwelling fire or commercial risk, the producer must submit a completed application, and the FAIR Plan must survey the property. If, after the survey, the risk is found to be acceptable, the FAIR Plan will issue a premium quotation. Coverage can go into effect at 12:01 a.m. the day after the FAIR Plan receives the premium payment. A binder may be requested if the FAIR Plan has not issued a premium quotation or issued a denial of coverage within 21 days of receipt of the application.

### FAIR Plan Website Information

Producers are encouraged to access the FAIR Plan's website to:

- find updates on products and services;
- obtain FAIR Plan personal lines rates;
- download applications;
- download an updated Producer Manual;
- register as a new Producer;
- request policy endorsement;
- report a claim;
- e-mail photos;
- e-mail follow-up inquiries.

### Contacting the FAIR Plan

Illinois FAIR Plan Association  
130 East Randolph  
Suite 1350  
Chicago, IL 60601  
Phone: 312/861-0385 or  
800/972-4480  
Fax: 312/861-0134  
E-Mail: [info@illinoisfairplan.com](mailto:info@illinoisfairplan.com) ♦

## Department rules review

The full text of Department rules is printed in the *Illinois Register* published weekly by the Illinois Secretary of State's Index Department, 111 E. Monroe St., Springfield, IL 62756. Subscriptions are available from that source for an annual fee of \$290. Issue numbers and a Department contact person are listed below after each rule summary.

Copies of rules are also available upon written request to the Department of Insurance at a \$1 per page charge. Some rules are posted on the Department's website at [www.state.il.us/ins/industryinfo.htm](http://www.state.il.us/ins/industryinfo.htm). Adopted rules are codified in Title 50 of the Illinois Administrative Code.

**Rule 2505** (Fees and Charges) was amended May 12, 2003 to raise the per diem fee insurance companies are charged for market conduct examiners from \$175 to

\$300. This change will allow the Department to recover a greater percentage of examination related expenses of salaries, retirement, social security and group insurance for examiners conducting the exam. The current per diem fee of \$175 had been in effect since 1989. In fiscal year 2002, only 74% of the examination staff costs were recovered from the revenue generated by market conduct examinations. Without the increase, the Department estimated that only 64% of fiscal year 2003 costs would be recovered.

The Market Conduct Exam fee was increased to \$300 per day with an effective date of June 1, 2003. All exams in progress at June 1 will be billed at the old rate. All new exams beginning after June 1 will be billed at the new rate. (Vol. 26; #21; Larry Wieties). ♦

## Company action

### Market Conduct Fines

The following entities were issued a Stipulation and Consent Order and fined for Insurance Code violations and/or improper claims practices cited in an Illinois market conduct examination:

Harris Insurance Services, IL, 5/14/03; \$1,000 ♦

## **Producer regulatory action**

(Copies of regulatory orders are available upon written request to the Producer Regulatory Unit, for \$1/page. The number of pages are indicated in parentheses following the effective date.)

### **Stipulation and Consent Order-Civil Forfeiture Paid**

Amy C. Allen  
120 North 2nd Street  
Geneva, IL 60134  
Effective 5/06/03 (3)

Andersen Group, Ltd.  
907 North Elm Street  
Hinsdale, IL 60521  
Effective 4/01/03 (3)

John P. Andersen  
101 Tomlin Circle  
Burr Ridge, IL 60521  
Effective 4/01/03 (3)

Mohammed A. Ansari  
11212 Sea Grass Circle  
Boca Raton, FL 33498  
Effective 5/14/03 (3)

John M. Carmody  
9207 West 142nd Street  
Orland Park, IL 60462  
Effective 5/07/03 (3)

LuAnne Hearne  
625 West Arlington, Apt. 1N  
Chicago, IL 60614  
Effective 10/30/02 (3)

William T. Krumm  
1733 Virginia Avenue  
Libertyville, IL 60048  
Effective 5/06/03 (3)

### **Director's Order**

Dennis A. Kelbus  
13108 Red Drive  
Lemont, IL 60439  
Effective 3/03/03 (8)

Michael J. Weber  
1956 Newcastle  
Westchester, IL 60154  
Effective 3/21/03 (21)

Richard J. Morel  
5646 North Kostner  
Chicago, IL 60646  
Effective 3/28/03 (3)

Larry W. Oberheu  
8741 West 141st  
Orland Park, IL 60462  
Effective 3/20/03 (3)

Donna J. Wright  
103 Howe Terr  
Barrington, IL 60010  
Effective 5/30/03 (3)

Michael E. Burack  
4200 North Marine Drive  
Chicago, IL 60613  
Effective 4/14/03 (2)

Michael D. Christy  
RR 1, Box 62-D  
Dalton City, IL 61925  
Effective 4/02/03 (2)

Thomas J. Elliott  
3636 South Prairie Avenue  
Chicago, IL 60653  
Effective 2/04/03 (2)

Shawn D. Fuller  
216 North 25th  
Mattoon, IL 61938  
Effective 5/17/03 (6)

Abimael Gallardo  
2233 South Bell  
Chicago, IL 60608  
Effective 4/28/03 (4)

### **Suspension Lifted**

Floyd Gibson  
4408 George Avenue  
Cortland, IL 60112  
Effective 5/19/03 (1)

Edward Armstrong Fox  
1092 Kenilworth Drive  
Wheeling, IL 60090  
Effective 3/04/03 (1)

Michael C. Leonard  
15W630 Lexington, #G3  
Elmhurst, IL 60126  
Effective 3/25/03 (1)

### **Denial of Producer License**

Douang Mala Lang  
1110 East 86th  
Haysville, KS 67060  
Effective 4/07/03 (2)

Juan J. Madrigal  
2326 North Central  
Peoria, IL 61605  
Effective 4/28/03 (4)

Phyllis Mitchell  
906 Maces Grove Road  
O'Fallon, IL 62269  
Effective 4/07/03 (3)

Nicholas Spero  
717 Morton Street  
Batavia, IL 60510  
Effective 3/04/03 (3)

Thomas E. Valenty  
3021 West Wolfe Road  
Chicago, IL 60164  
Effective 11/09/01 (3)

## Revocation of Producer License

Kenneth Martin  
414 Grace Drive  
Lake in the Hills, IL 60102  
Effective 3/06/03 (2)

William J. Morton  
916 South 6th Street  
Rockford, IL 61104  
Effective 3/27/03 (3)

George Albert Palmer  
34 Katahdin Avenue  
Caribou, ME 04736  
Effective 3/20/03 (2)

Christine L. Smagala  
12750 Carriage Lane  
Crestwood, IL 60445  
Effective 3/25/03 (4)

Smagala Insurance, Inc.  
9702 Southwest Highway  
Oak Lawn, IL 60453  
Effective 3/25/03 (4)

Stanley A. Smagala  
5031 West 85th  
Burbank, IL 60459  
Effective 3/25/03 (4)

## Voluntary Revocation

Harry C. Harm  
2701 Hendrix Drive  
Bloomington, IL 61704  
Effective 3/18/03 (1)

Beth Hudson  
P.O. Box 129  
Wolf Lake, IL 62998  
Effective 4/30/03 (1)

Daniel R. Mahany  
2115 Coldbrook Court  
Florissant, MO 63031  
Effective 5/06/03 (1)

Veronica Martinez  
134 West Clarendon Drive  
Round Lake Beach, IL 60073  
Effective 4/03/03

## Hearings

### Scheduled Hearings:

Philip A. Fair  
Hearing No. 4058  
Request for license 6/19/03

Delbert Fellner  
Hearing No. 4035  
Suspension of licensing authority  
6/09/03

William C. Fields  
Hearing No. 4052  
Revocation of licensing authority  
6/26/03

First Actual American Insurance Co.  
David Stoll  
Hearing No. 4063  
Cease and desist 6/12/03

Daniel F. Gridley  
Hearing No. 4064  
Revocation of licensing authority  
6/17/03

Homeward Bound Services, Inc.  
Tender Loving Care Services, Inc.  
TLC Services, Inc.  
Kirkwood Insurance Service Co.  
Steven M. Duran  
Stephen Nave  
Hearing No. 4065  
Cease and desist 6/19/03

Melva Howze  
State Farm Fire & Casualty Co.  
Hearing No. 4067  
Nonrenewal 6/23/03

Humana Health Plans, Inc.  
United Health Care of Illinois, Inc.  
United Health Care of the Midwest  
Hearing No. 4060  
Assessment protests 6/06/03

Lewis & Longlett/Saskia Griffin  
Mid Century Insurance Company  
Hearing No. 4061  
Cancellation 6/06/03

Zeyad J. Matariyeh  
Hearing No. 4047  
Suspension of licensing authority  
6/26/03

Anthony J. Sarris  
Hearing No. 4068  
Suspension of licensing authority  
7/01/03

Mary Tudela  
Allstate Insurance Company  
Hearing No. 4066  
Nonrenewal 6/27/03

### Settled Without Hearing:

American Heartland Ins. Co.  
United Equitable Insurance Co.  
Hearing No. 4051  
Dismissed 5/07/03

Mark and Wendy Cercone  
American Family Ins. Group  
Hearing No. 4041  
Dismissed 5/27/03

Dwayne L. Hart & Debra Walton-Hart  
State Farm Mutual Insurance Co.  
Hearing No. 4053  
Dismissed 5/20/03

Kenneth Martin  
Hearing No. 4049  
Dismissed 5/14/03

Richard J. Morel  
Hearing No. 4028  
Stipulation and consent order  
3/28/03

Ramsey & Angela Provost  
Erie Insurance Group  
Hearing No. 4045  
Dismissed 5/06/03

### Completed Hearings:

Freddie Douglas  
State Farm Insurance Company  
Hearing No. 4042  
Cancellation effective 4/16/03

National Guild of Medical  
Professionals Local 45, et. al.  
Hearing No. 3989  
Cease and desist made final  
5/29/03 ♦



**Producer action (cont'd)****Suspension of Producer License**

Lawrence Alexander  
3623 173rd Court, Apt. 6A  
Lansing, IL 60438  
Effective 4/18/03 (2)

John P. Bamber  
P.O. Box 23  
Bloomington, IL 60108  
Effective 4/14/03 (2)

Janice L. Crawford  
7123 South Dobson  
Chicago, IL 60619  
Effective 4/14/03 (2)

Jacqueline Jackson  
17320 Sterling Court  
South Holland, IL 60473  
Effective 4/14/03 (2)

Darryl A. Johnson  
16845 School Street  
South Holland, IL 60473  
Effective 4/14/03 (2)

Joseph D. Johnson  
1605 South Kildeer Drive  
Naperville, IL 60565  
Effective 4/14/03 (2)

John G. Kaleel  
1233 North LaGrange Rd., Apt. 1W  
LaGrange, IL 60526  
Effective 4/14/03 (2)

Dean A. Landman  
1668 Deerhaven Drive  
Crystal Lake, IL 60014  
Effective 4/14/03 (2)

Joseph M. Malva  
495 Emroy  
Elmhurst, IL 60126  
Effective 4/14/03 (2)

Michael L. Peery  
2428 Bradley Place  
Evanston, IL 60202  
Effective 4/14/03 (2)

Sandra K. Robertson  
3621 North Lamon, Apt. 2N  
Chicago, IL 60641  
Effective 4/14/03 (2)

Darlene Turner  
10847 South Racine  
Chicago, IL 60643  
Effective 4/14/03 (2) ♦

**Exam reports filed****Market Conduct**

American National Life Insurance  
Company of Texas  
5/14/03  
Apollo Casualty  
3/26/03  
Constitutional Casualty  
5/28/03  
Harris Insurance Services  
(Public Adjuster)  
5/14/03  
Illinois Farmers Insurance Co.  
5/27/03  
R. J. Drasner & Associates  
(Public Adjuster)  
5/02/03  
Standard Life & Accident  
Insurance Company  
3/31/03

**Financial**

American Live Stock Ins. Co.  
5/30/03  
Amerin Guaranty Corporation  
4/01/03  
Amerin Re Corporation  
4/01/03 ♦

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